

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION  
AT RICHMOND, OCTOBER 5, 2006

APPLICATION OF

ROANOKE GAS COMPANY

For an expedited increase in rates

2006 OCT - 5 AM 5:54  
CASE NO. PUE-2006-00099

ORDER FOR NOTICE AND HEARING

On September 14, 2006, Roanoke Gas Company ("Roanoke" or the "Company") filed a rate application, supporting testimony, and exhibits with the State Corporation Commission ("Commission") for an expedited increase in rates. Roanoke seeks to increase its annual revenues by \$1,746,313, an increase of approximately 1.97%. The Company requests that it be permitted to place its proposed rates for service and all terms and conditions proposed in its supporting testimony into effect for service rendered on and after October 23, 2006.<sup>1</sup>

The Company reports that its operations have not materially changed since its last rate case; however, several components of operating costs are reported rising faster than the rate of customer growth, and the Company has lost interruptible transportation revenue due to several industrial customers closing or converting to coal, all of which lead to the Company's application for rate relief filed herein.

Section B of the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings ("Rules"), 20 VAC 5-200-30, permits the rates of a public utility to take effect within 30 days after the application is filed, subject to refund, pending investigation, so long as the rate application complies with the Rules and the utility has not experienced a

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<sup>1</sup> Staff filed a Memorandum of Completeness on September 20, 2006, noting that the application's completion was on September 14, 2006.

substantial change in circumstances since its last rate case. In its application, the Company is not proposing any new accounting adjustments and is utilizing the same rate of return on equity as approved in the Company's last general rate Order, issued January 7, 2003, in Case No. PUE-2002-00373. On September 29, 2006, the Commission's Staff filed an interim Report, in which it concluded that there is a reasonable probability that the proposed increase will be justified following a full investigation and hearing.

NOW UPON CONSIDERATION of the Company's application, the Commission is of the opinion and finds that this matter should be docketed, that a Hearing Examiner should be assigned to conduct all further proceedings in this matter on behalf of the Commission, and that a procedural schedule should be established as prescribed herein.

Accordingly, IT IS ORDERED THAT:

(1) Roanoke's application for approval of an expedited increase in rates is docketed and assigned Case No. PUE-2006-00099.

(2) Roanoke may put its rates into effect on an interim basis subject to refund on October 23, 2006.

(3) A public hearing shall be convened on March 29, 2007, at 10:00 a.m., in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive comments from members of the public and to receive evidence on the captioned application. Any person not participating as a respondent as provided in Ordering Paragraph (10) below, may give oral testimony concerning the application as a public witness at the March 29, 2007 public hearing. Public witnesses desiring to make statements at the public hearing concerning this application need only appear in the Commission's second floor

courtroom in the Tyler Building at the address set forth above prior to 9:45 a.m. on the day of the hearing and register a request to speak with the Commission's bailiff.

(4) As provided by § 12.1-31 of the Code of Virginia and Rule 5 VAC 5-20-120 of the Commission's Rules of Practice and Procedure, a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission and to issue a final report herein.

(5) Upon written request received by its counsel, the Company shall provide a copy of the application to the requesting party at no cost. If acceptable to the requesting individual, the Company may provide the application, with or without attachments, by electronic means.

Written requests shall be made to Richard D. Gary, Esquire, Hunton & Williams, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074. Interested persons may also review a copy of the application and the Commission's Order for Notice and Hearing in the Commission's Document Control Center, located on the First Floor of the Tyler Building, 1300 East Main Street, Monday through Friday, between the hours of 8:15 a.m. and 5:00 p.m.

(6) On or before November 28, 2006, Roanoke shall complete publication of the following notice as display advertising (not classified) on one occasion in newspapers of general circulation throughout the Company's service territories within the Commonwealth of Virginia:

NOTICE TO THE PUBLIC OF AN APPLICATION  
BY ROANOKE GAS COMPANY, FOR  
APPROVAL OF AN EXPEDITED INCREASE IN RATES  
CASE NO. PUE-2006-00099

On September 14, 2006, Roanoke Gas Company ("Roanoke" or the "Company") filed a rate application, supporting testimony and exhibits with the State Corporation Commission ("Commission") for an expedited increase in rates. Roanoke seeks to increase its annual revenues by \$1,746,313, an increase of approximately 1.97%.

The rates are proposed to go into effect for service rendered on and after October 23, 2006. Roanoke may put its rates into effect on an interim basis, subject to refund, on October 23, 2006.

On or before December 19, 2006, any interested person may file written comments on the Company's request with the Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Interested persons may also submit comments electronically on the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>. Persons commenting electronically need not file written comments.

Copies of the application are available through written request to counsel for the Company, Richard D. Gary, Esquire, Hunton & Williams, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074. Interested persons may also review a copy of the application and the Commission's Order for Notice and Hearing in the Commission's Document Control Center, located on the First Floor of the Tyler building, 1300 East Main Street, Richmond, Virginia between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday. A copy of the Commission's Order may also be obtained on the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.

A public hearing on the application will be held on March 29, 2007, at 10:00 a.m., in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia.

Any interested person may participate as a respondent in the proceeding by filing, on or before December 19, 2006, an original and fifteen (15) copies of a notice of participation with the Clerk of the Commission at the address set forth above. Interested parties should obtain a copy of the Commission's Order for further details on participation as a respondent.

Interested persons not participating as a respondent may give oral testimony concerning the application as a public witness at the March 29, 2007 public hearing. Public witnesses desiring to make statements at the public hearing concerning this application need only appear in the Commission's second floor courtroom in the Tyler Building at the address set forth above prior to 9:45 a.m. on the day of the hearing and register a request to speak with the Commission's bailiff.

All filings with the Clerk of the Commission shall refer to Case No. PUE-2006-00099 and shall simultaneously be served on counsel to the Company at the address set forth above.

ROANOKE GAS COMPANY

(7) On or before November 14, 2006, the Company shall mail a copy of its application and this Order by personal delivery or by first-class mail, postage prepaid, to the chairman of the board of supervisors and county attorney of each county and upon the mayor or manager of every city and town (or upon equivalent officials in counties, towns and cities having alternate forms of government) in which the Company provides service. Service shall be made by first-class mail to the customary place of business or residence of the person served.

(8) On or before December 15, 2006, Roanoke shall file with the Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, proof of the publication and service required in Ordering Paragraphs (6) and (7).

(9) On or before November 9, 2006, Roanoke shall file with the Clerk, at the address set forth in Ordering Paragraph (8) above, an original and fifteen (15) copies of any additional direct testimony, exhibits, and other materials supporting its application.

(10) Any interested person may participate as a respondent in this proceeding by filing, on or before December 19, 2006, an original and fifteen (15) copies of a notice of participation with the Clerk, at the address set forth in Ordering Paragraph (8) above, and shall simultaneously serve a copy of the notice of participation on counsel to the Company, Richard D. Gary, at the address set forth in Ordering Paragraph (5) above. Pursuant to Rule 5 VAC 5-20-80 of the Commission's Rules of Practice and Procedure, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to

the extent then known; and (iii) the factual and legal basis for the action. Interested parties shall refer in all of their filed papers to Case No. PUE-2006-00099.

(11) Within five (5) business days of receipt of a notice of participation as a respondent, the Company shall serve upon each respondent a copy of this Order, a copy of the application, and all materials filed with the Commission, unless these materials have already been provided to the respondent.

(12) On or before December 19, 2006, any interested person may file any comments on the captioned application with the Clerk, at the address in Ordering Paragraph (8) above, and shall mail a copy to counsel for the Company, Richard D. Gary, at the address set forth in Ordering Paragraph (5) above.

(13) On or before January 5, 2007, each respondent shall file with the Clerk, at the address set forth in Ordering Paragraph (8) above, an original and fifteen (15) copies of any testimony and exhibits by which it expects to establish its case and shall serve copies of the testimony and exhibits on counsel to the Company and on all other respondents. The respondent shall comply with Rules 5 VAC 5-20-140, 5 VAC 5-20-150, and 5 VAC 5-20-240 of the Commission's Rules of Practice and Procedure.

(14) The Commission Staff shall investigate the Company's application for an expedited increase in rates. On or before February 28, 2007, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of the Staff's testimony and exhibits regarding the captioned application and shall promptly serve a copy on counsel to the Company and all respondents.

(15) On or before March 14, 2007, the Company shall file with the Clerk of the Commission an original and fifteen (15) copies of any rebuttal testimony that it expects to offer

in rebuttal to the testimony and exhibits of the respondents and the Commission Staff and shall on the same day serve one copy on Staff and all respondents.

(16) Roanoke and respondents shall respond to written interrogatories within seven (7) calendar days after receipt of the same. Except as modified above, discovery shall be in accordance with the Commission's Rules of Practice and Procedure.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:  
Richard D. Gary, Esquire, Hunton & Williams, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074; C. Meade Browder, Jr., Senior Assistant Attorney General, Division of Consumer Counsel, Office of Attorney General, 900 East Main Street, Second Floor, Richmond, Virginia 23219; and the Commission's Office of General Counsel and Divisions of Energy Regulation, Public Utility Accounting, and Economics and Finance.